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CENTRAL INTELLIGENCE AGENCY
INFORMATION REPORT

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REPORT NO. █████████

CD NO.

COUNTRY	China
SUBJECT	1. Reactivation of Defected Nationalist and Communist Guerrilla Forces, Kwangtung
	2. Lifting of Ban on Military Goods Import

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SUPPLEMENT TO
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1. In early July 1950 local governments in Kwangtung were ordered to call up and pay for the travel to Canton of an undetermined number of Nationalist troops, formerly under Generals LIU An-chi and YU Ying-ch'i (俞英齋), who were captured in Canton in 1949 and permitted to return to their homes.* These troops are receiving special training at Shih Ching (石井), a suburb of Canton, together with Nationalist troops captured on Hainan. After a short period of training, these will all be combined with Nationalist troops of the same generals who have been "re-educated" in concentration camps since October 1949. The group, which will total 100,000, will be integrated into the 4 Field Army and sent to Central China.**,***

2. The 7 Military Sub-Headquarters, South China Military Headquarters, has ordered 5,000 Central Kwangtung "native Communists" (T'u Kung — 土共), who were demobilized after the liberation of Kwangtung, to be prepared for recall to duty.***,****

3. The Chinese Communists are sending many defected Nationalist troops to the USSR in labor battalions, and are replacing them with indoctrinated youths.

4. Chinese Communist authorities in Kwangtung have unofficially lifted the ban on small traders bringing from Hong Kong limited amounts of controlled military goods. The Chinese Communists are establishing stalls in Canton and on Kwangtung roads to purchase such materials.

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